



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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NDPERS
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Events & Mailings

ATTENTION! ATTENTION! New Administrative Requirement

Effective August 1, 2005, all newly hired employees that are eligible to participate in the NDPERS Defined Benefit Hybrid Retirement Plan and whose employer participates in the state's 457 Deferred Compensation Plan or an approved 403(b) or employer sponsored 457 plan, must complete an Expedited 457 Deferred Compensation and Portability Enhancement Provision (PEP) Enrollment SFN 54362 to either enroll in the deferred compensation plan or waive their rights to PEP. For details on this new requirement, please refer to the article on page 2.

Annual Statements

The 2004-2005 Annual Statement of Account for PERS active and deferred members will be mailed the first week of August. The statements will also be available to view through NDPERS Online Benefit Services.

An insert sheet called "Reading Your Annual Statement" will accompany each statement. This sheet navigates the reader through the annual statement and will address most general questions. Please encourage your employees to review the "Reading Your Annual Statement" with their actual statement before calling the PERS office.

If any of your employees do not receive an annual statement by the middle of September, please check with the PERS office in case the statement was returned due to an incorrect address. Returned annual statements are sent to the member's employer for distribution. Any name or address changes to employee records need to be sent to PERS in writing. A [Notice of Change SFN](#)

[10766](#) should be submitted to our office. Also, if an employee wants to update their beneficiary(ies), a [Designation of Beneficiary for the Group Retirement Plan SFN 2560](#) and/or [Life Insurance Designation of Beneficiary Change SFN 53855](#) should be completed.

If any of your employees misplace their annual statement, they may print a duplicate through NDPERS Online Benefit Services.

2005 NDPERS Payroll Conference

The 2005 NDPERS Payroll Conference was held in Bismarck on June 8th. However, the conference is available for viewing even though the conference date has passed. NDPERS was able to provide this

conference through a Webcast format. To view the conference, you will need to select the [Payroll Conference icon](#) on the Program Administration page. A feature that you may find helpful is that you can view segments that relate specifically to the benefits that you participate in, rather than watching program information about plans that do not apply to your group. Also, you can watch the presentations when you have time to view them. You do not need to reserve an entire day.

So, if you weren't able to attend the conference but would like to get an update of what is happening at PERS or need a refresher on a topic, please visit the [Payroll Conference icon](#).

Annual Enrollment Season– 2006 Plan Year

This year's Annual Enrollment Season will be from Monday, October 3 through Tuesday, November 15, 2005. Employees will be sent a postcard to their mailing address of record informing them of their opportunity to enroll/change their benefits during the Annual Enrollment Season. They will be instructed to

access the Annual Enrollment information packet that will be available on the NDPERS website by Monday, October 3rd. The packet will contain information pertaining to the PERS flexcomp, health, life, dental, vision and long term care insurance plans along with links to access the enrollment forms from the PERS website.

Important Updates

Kit and Employer Guide Updates

As a follow-up to our presentation at the June 8th Payroll Conference we are still in the process of inserting the changes from legislation and plan updates into all six kits. Due to some unforeseen circumstances, The Retirement Kit, The New Hire Kit and The Retirement Disability Kit will not be available on the website until August 1, 2005. The Transfer Kit, The Deferred Retirement Kit and The Refund/Rollover Kit will be available on the website by August 15, 2005. The kits will have the updated retiree and COBRA health insurance rates as well as the latest rates and forms for life insurance.

The Employer Guide (formerly known as "Inside NDPERS") will be available on the website by July 22, 2005. The cover of the Employer Guide will have a new look. The Employer Guide will have bookmarks for easier access to information in the different sections.

New Administrative Requirement

Expedited 457 Deferred Compensation and Portability Enhancement Provision (PEP) Enrollment

NDPERS receives many inquiries about what PEP is and how to enroll in PEP. Briefly, PEP allows an employee enrolled in the NDPERS Defined Benefit Hybrid Retirement Plan and the PERS 457(b) Deferred Compensation Plan or an approved 403(b) or other employer-sponsored 457 plan to vest in up to 4% of the employer's 4.12% contribution to the defined benefit retirement plan. The percent reallocated is based on a vesting schedule.

To promote participation in PEP, NDPERS now has available an EXPEDITED ENROLLMENT form for the deferred compensation plan. The expedited enrollment form does not require the employee to make a

decision regarding contribution amounts, investment allocation, or the selection of a provider company or agent. The Expedited Enrollment form authorizes the member's payroll office to withhold the minimum contribution of \$25.00 per month from employee wages which is then invested in the NDPERS Companion Plan Fidelity Freedom Funds account. This will automatically activate participation in PEP and eligible employer contributions will be transferred to the employee's NDPERS member account beginning with the first month of participation. To enroll in the deferred compensation plan and activate PEP, the employee need only complete the Expedited 457 Deferred Compensation Plan and PEP Enrollment form SFN 54362.

Effective August 1, 2005, all newly hired employees, **whose employer participates in both the NDPERS Defined Benefit Retirement Plan and the NDPERS 457(b) Deferred Compensation Plan** must complete this form to either accept enrollment in the Companion Plan or waive their rights to PEP vesting. Newly hired employees whose employer does not participate in BOTH NDPERS plans should NOT complete this form.

Details on these new administrative requirements will be available on our web site by August 1 at www.ndgov/ndpers under Program Administration. Refer to the Deferred Compensation section under the Employer Guide.

For more information on PEP, the deferred compensation and Companion Plan, Fidelity Freedom Funds, other investment options, or to obtain NDPERS forms, please access the NDPERS website at www.ndgov/ndpers. The Expedited Enrollment form is available under the Forms and Publications section and effective August 1, it will be available in the New Hire kit.

Returning Reservists & PERS Retirement

PERS has received a number of calls from employees returning from active military duty. The active duty may be covered under the Uniformed Services Employment and Re-employment Rights Act, (USERRA). To notify PERS of the return, a [Notice of Status or Employment Change SFN 53611](#) must be completed by the employee's employer. Additional information

regarding how the leave of absence impacts the PERS retirement plan for these returning reservists is available under the NDPERS News section.

Legislation passed this session in HB 1069 amended the way the 4% employee contribution is paid into the Main System Defined Benefit, Highway Patrol and Defined Contribution Plans for returning reservists. Specifically the changes are:

1. For eligible veterans returning after the passage of the bill, the employer must pay the employee contribution for missed service for returning veterans in the same manner that the employer would have paid it had the veteran not been called into active duty.
2. For eligible veterans who returned to service since the passage of the Uniform Services Employment and Reemployment Rights Act, which became effective October 1, 1994, the employer must pay the employee contribution for that service in the same manner as outlined above in #1. An appropriation is provided in section 19 of HB 1069 for this purpose.
3. Provides that any past payments made by returning veterans that would qualify for employer payment since the passage of USERRA would be refunded to the employee and paid by the employer.

The above changed our statute which required the returning eligible veteran to pay the employee contribution of 4% for past service. The bill became effective as of July 1, 2005. The amendment requires that the veteran make application to the employer. To assist in the application process, PERS revised the [Purchase Agreement for USERRA Covered Military Active Duty SFN 17758](#) and posted it to the PERS website on July 1. This form is required so that the cost of the purchase can be determined.

Also, for those individuals who HAVE made payment to NDPERS for eligible service that are now eligible to receive a refund from the employer for the service under # 3 above, a new form has been created to assist in the verification process. A [Verification of Employee Contributions Towards USERRA Active Military Duty SFN](#)

54361 should be completed by the reservist and employer prior to submitting it to NDPERS. Upon receipt, NDPERS will verify the eligibility of the reservist to receive a refund by the employer and will document on the form the amount that the employer is required to pay based on this law change. A copy of the completed form will then be provided to both the reservist and employer.

Employer Guide – Health Insurance

Included in the Health Insurance section of the Employer Guide is a matrix to assist you in the proper completion of the NDPERS Group Health Application. The matrix was developed a few years ago and addresses the different scenarios in which an individual may be enrolling, adding/dropping dependents, or changing their coverage election. This year in addition to adding some new scenarios, a column for the effective date of coverage was added. You are encouraged to utilize this tool. We think you will find it very helpful as you review the NDPERS Group Health Application for proper completion and documentation requirements. As you probably know, incomplete applications will be returned and may cause adjustments and late coverage for the member. We continue to invite your comments concerning the matrix so that we can make any improvements necessary. You may view the matrix at <http://www.nd.gov/ndpers/employers/docs/handbook/healthsec.pdf>

Member Rebate Account

The Member Rebate Account was introduced to you at the June 8th payroll conference at the Heritage Center in Bismarck. The brief overview stated that the Member Rebate Account would take effect on July 1, 2005. NDPERS has provided a [frequently asked question and answer section](#) on the NDPERS website. The information is listed at: <http://www.nd.gov/ndpers/insurance-plans/group-health.html>. We hope you can take a minute to familiarize yourself with the program and encourage you (and your employees) to contact the service unit at BCBSND at 1-800-223-1704 or in the Fargo area 701-282-1400 for any questions you might have.

Mail Order RX

Effective July 1, 2005, we now have a mail order RX program available to all contract holders of the NDPERS Group Health Insurance plan and their eligible covered dependents. The program provides covered individuals an opportunity to utilize mail order for their prescription drugs. A [brochure, a list of frequently asked questions, and an order form](#) are available on the NDPERS website at: <http://www.nd.gov/ndpers/insurance-plans/group-health.html>. Any additional questions concerning the program should be addressed by the BCBSND service unit at 1-800-223-1704 or in the Fargo area 701-282-1400.

Group Insurance - Final Premium Payments Employer Responsibility

Our office continues to get questions as to who is responsible for the final health premium payment. About two years ago NDPERS published this article, but once again we feel the need to remind employers that participate in the group health plan of the Administrative Rules pertaining to final payment of the health insurance premium for terminating employees. [Administrative Code section 71-03-04-01](#) pertaining to state agencies and [section 71-03-07-01](#) pertaining to political subdivisions clarify that *an employee's coverage must end the month following the month after termination of employment. This means the employer must remit premium payment for insurance coverage for the month following the month of termination in order to comply with this requirement. In addition, when an employee transfers from one participating employer to another, the new employer is responsible for submitting the premium for the first of the month following the month of employment. No exceptions.* Even if the employee transfers in the middle of the month, thereby receiving a paycheck on the first of the month, following the transfer, the new employer is responsible for the premium(s). This includes deductions for health, life, EAP, dental, vision, and long-term care.

Please review your internal procedures to ensure you are administering this provision as set forth in the Code. If you have any questions, please contact Cheryle Masset at 701-328-3909 or toll free at

1-800-803-7377 or in the Fargo area at 701-282-1400.

Defined Contribution Plan – Temporary Employee Participation

As part of HB 1069, legislation was passed that will allow a member of the Defined Contribution Plan that has a change in employment status from permanent employment to part-time/temporary employment to continue participation in the Defined Contribution Plan. The effective date for this legislation is August 1, 2005.

The individual must make an election within 180 days of the change in employment status by completing the agreement sections of the [Agreement/Waiver of Participation for Optional Defined Contribution Retirement Plan SFN 54366](#). Also, the individual will be required to pay the entire contribution rate of 9.12%. The employer can not pay any of this contribution on behalf of the individual.

If an individual who experiences this type of status change does not want to participate in the NDPERS Defined Contribution Plan as a part-time/temporary employee, then the individual should complete the waiver section of the [Agreement/Waiver of Participation form](#).

For additional information about this new provision, please refer to the Defined Contribution section of the new Employer Guide, which will be available by August 1, 2005. Any questions can be directed to Rebecca at 328-3911.

Revised Materials

This is a new section that will feature a listing of revised forms and/or publications by program for your reference.

Deferred Compensation:

- Rollover/Transfer Form SFN 50177
- Expedited 457 Deferred Comp PEP Enrollment SFN 54362

Defined Benefit:

- Defined Benefit Plan Membership Application SFN 2561
- National Guard/Law Enforcement Membership Application SFN 17874
- ND Highway Patrol Membership Application SFN 16914
- Agreement/Waiver of Participation for Optional Defined Benefit Plan SFN 17627
- Designation of Beneficiary for Group Retirement Plan SFN 2560

- NDPERS Request for Purchase Information SFN 53718
- Purchase Agreement Due to USERRA Covered Military Active Duty SFN 17758
- Verification of Employee Contributions Towards USERRA Active Military Duty SFN 54361
- Application for Surviving Spouse Benefits SFN 52254

Defined Contribution:

- Re-employment of a Defined Contribution Member SFN 53286
- Defined Contribution Retirement Program Election SFN 52170
- Agreement/Waiver of Participation for Optional Defined Contribution Plan SFN 54366
- Purchase Agreement Due to USERRA Covered Military Active Duty SFN 17758
- Verification of Employee Contributions Towards USERRA Active Military Duty SFN 54361
- Application for Surviving Spouse Benefits SFN 52254

FlexComp:

- Continuation of Coverage in a Medical Spending Account (COBRA) SFN 53512 (01-05)
- Authorization for Direct Deposit of FlexComp Reimbursements SFN 53852 (01-05) - Please be advised that the Authorization for Direct Deposit of FlexComp Reimbursements (SFN 53852) need only be completed for employees paid through their agency's payroll system. This form does **NOT** need to be completed for employees paid through OMB.
- FlexComp Change in Status SFN 53511 (01-05)
- FlexComp Reimbursement Voucher SFN 16868 (03-05)
- FlexComp Program – January 1, 2005 (Describes the highlights of the NDPERS FLEXCOMP PLAN)

Group Insurance:

- Dependent Continuation of Group Health Insurance Coverage COBRA SFN 53883

Board Meeting Highlights

Complete [meeting minutes](#) are available.

March 17, 2005

- Adopted the modified wellness plan with a pilot program.
- Approved eliminating all subsidies as well as Prudential's pooled plan for the group life insurance plan.
- Approved the Employee Assistance Program (EAP) RFP and procedures.

- Approved parameters for the implementation of the partial lump sum payment option approved through HB1069.
- Approved procedures to implement HB1266.

April 21, 2005

- Were provided with the findings of the actuarial audit completed on 3 of the 4 retirement plans.
- Amended the 457 plan provider agreement.
- Approved the proposed health rates for the next biennium.
- Approved the draft health insurance summary plan description.
- Approved the 2005 Business Plan.

May 19, 2005

- Approved the tables for the partial lump sum payment option for the Judges and Highway Patrol systems.
- Approved policy for law enforcement plan to address correction officers who have not yet completed a correctional officer course or been certified.
- Approved moving forward with the Health Dialog disease management program based upon the 2004 bid.
- Were provided information about the EPO annual enrollment and providers.
- Were provided with an update on the wellness program.
- Approved contracts for EAP providers.
- Approved including member rebate accounts in the health insurance plan effective July 1.
- Approved developing a grant proposal to continue offering a smoking cessation program.



Look forward to receiving via email your next edition of the PERSONnel Updates @ October 15, 2005.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.